

SUGARHOUSE HSP GAMING, L.P. : COMMONWEALTH OF  
d/b/a SUGARHOUSE CASINO : PENNSYLVANIA  
GAMING IDENTIFICATION :  
NO. 1356 :  
: GAMING CONTROL BOARD  
:  
IN RE: SH-E-0473702-17 :  
SH-E-0518016-17 :

**CONSENT AGREEMENT AND STIPULATION OF SETTLEMENT**

**THIS CONSENT AGREEMENT AND STIPULATION OF SETTLEMENT**

is made and entered into by and between the Office of Enforcement Counsel ("OEC"), and SugarHouse HSP Gaming, L.P. d/b/a SugarHouse Casino ("SugarHouse"). SugarHouse and OEC collectively are referred to as the "Parties"; and

**WHEREAS**, SugarHouse is a limited partnership organized and existing under the laws of Delaware and at all times referenced herein, has its business office located at 1080 North Delaware Avenue, Philadelphia, PA, 19125. SugarHouse is a Category 2 slot machine licensee; and

**WHEREAS**, OEC is the prosecutorial body established by 4 Pa.C.S. §1517(a.2) and has the power and duty to initiate proceedings for administrative violations of the Pennsylvania Race Horse Development and Gaming Act pursuant to §1517(a.2) (1) (iii) of the Act; and

**WHEREAS**, SugarHouse and OEC, through their authorized representatives, have investigated the events that are the subject of this Consent Agreement ("Events"), have conferred extensively on the Events, and now desire to conclusively and amicably resolve all matters arising out of the Events, and enter into a Consent Agreement before the filing

of a Complaint, pursuant to 58 Pa. Code §493a.13(a), which provides that “[p]arties may propose consent agreements at any time prior to the entry of a final order”; and

**WHEREAS**, pursuant to Condition 1 of the Statement of Conditions to its Category 2 License, last signed on June 10, 2016, SugarHouse agreed “To at all times comply with any and all provisions of the Pennsylvania Race Horse Development and Gaming Act (“Act”) and any rules, regulations, technical standards or orders in effect as of this date or later amended or promulgated by the Board”; and

**WHEREAS**, pursuant to 4 Pa.C.S. § 1102(1), the primary objective of the Act to which all other objectives and purposes are secondary is to protect the public through the regulation and policing of all activities involving gaming and practices that continue to be unlawful; and

**WHEREAS**, pursuant to 4 Pa.C.S. § 13A11(a), the Act authorizes the Board to permit licensed gaming entities (certificate holder) to conduct table game contests and tournaments approved by the Board; and

**WHEREAS**, pursuant to 4 Pa.C.S. § 13A22, the Act prohibits licensed gaming entities (certificate holder) from offering table games for play until approved by the Board; and

**WHEREAS**, pursuant to section 637a.9(b) of the Board’s Regulations (58 Pa. Code § 637a.9(b)), a certificate holder may not offer or permit the playing of any Poker game which is not authorized by the Board; and

**WHEREAS**, pursuant to SugarHouse’s Poker personnel policies, directives and Team Member Playbook, SugarHouse employees are not permitted to offer Poker table

games for play until the Poker games are approved by the Board and listed on the plaque for each Poker table; and

**WHEREAS**, the Parties do not dispute the jurisdiction of the Board; and

**WHEREAS**, the Parties now seek to enter into this Consent Agreement as an accord, satisfaction and compromise of any disputed claims and in consideration of the Parties waiving, releasing, and forbearing any regulatory dispute; and

**WHEREAS**, the OEC has not previously entered into a Consent Agreement with SugarHouse regarding the offering of table games for play that have not been approved by the Board.

**NOW, THEREFORE**, the Parties stipulate and agree, and present to the Board for its consideration, the following:

**STIPULATED FACTS**

**SH-E-0473702-17**

On May 25, 2017, the Bureau of Casino Compliance ("BCC") referred violations of the Act, the Board's regulations and SugarHouse's policies, directives and Team Member Playbook. SugarHouse poker room personnel dealt a game of poker that had not been authorized by the Board. An investigation by the Board's Bureau of Investigations and Enforcement (BIE) revealed the following information.

On March 24, 2017, at 6:00 p.m., former SugarHouse General Manager Wendy Hamilton (GID #2480) notified the BCC supervisor assigned to SugarHouse Casino of an incident which occurred in the poker room on March 19, 2017. Ms. Hamilton reported that a Poker dealer, Liem Luong (GID #98767), dealt a hand of poker that had not been approved by the Board, to two patrons who were wagering approximately \$40,000 each

while two poker supervisors, Johnson Nguyen (GID #62798) and Richard Wessel (GID #84563), watched. An initial inquiry by BCC revealed that the improper hand was recorded and uploaded onto the internet website YouTube. It was also recorded on SugarHouse's surveillance coverage.

The incident occurred after SugarHouse hosted an episode of Poker Night in America. A review of the YouTube video, which included audio coverage, and a review of the SugarHouse surveillance coverage revealed the following information. The illegitimate hand was 10-Card Stud Poker and it occurred on poker table PK 1223 on March 19, 2017. The coverage shows that at 3:47 a.m. two patrons remaining in the SugarHouse Casino Poker Room after Poker Night in America counted out their remaining chips. The patrons were seated in seats 4 and 10. The patron in seat 4 counted out \$58,000 in chips and the patron in seat 10 counted out \$42,000 in chips. The patrons requested to play one hand of 10-Card Stud Poker for \$42,000 each. Poker Supervisor Nguyen instructed Poker Dealer Luong to deal the unauthorized game while a third patron recorded it on his cellular phone.<sup>1</sup> At 3:48 a.m. Dealer Luong dealt out 10 cards to each of the two players. Each player took turns flipping over their own cards to beat the other player's cards and make the winning poker hand. At 3:50 a.m., the patron in seat 4 offered the patron in seat 10 a chance to concede the hand for a lesser amount before all of the cards were exposed. At 3:51 a.m. the offer to concede the hand was made a second time and accepted by the patron in seat 10, who paid the other patron (seat 4) \$25,000. By 3:52 a.m. all of the cards were exposed which indicated the patron in seat 10 would have won the hand with a straight versus the patron in seat 4 holding two pairs. There was only the one hand of 10-Card Stud Poker

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<sup>1</sup> This recording was subsequently uploaded on to YouTube.

played. At 3:53 a.m. Dealer Luong collected the cards and received a \$100 tip from the patron in seat 4. At 3:54 a.m. Poker Supervisor Nguyen removed the cards and at 3:57 a.m. the table was closed.

SugarHouse took disciplinary action against the employees involved in this incident: Poker Supervisor Nguyen was issued a Final Documented Coaching Memorandum on April 5, 2017. On April 14, 2017, Mr. Nguyen resigned from SugarHouse and he is not presently employed in Pennsylvania's gaming industry; Poker Supervisor Wessel was issued a Performance Improvement Notice-Written Warning Level 2; Dealer Luong was issued a Performance Improvement Notice-Written Warning Level 2; and, Dual Rate Poker Shift Manager Jon Butler (GID #84009) was also issued a Performance Improvement Notice-Written Warning Level 2 for not taking any action during the unauthorized 10-Card Stud Poker game. Mr. Butler subsequently resigned from SugarHouse.

SugarHouse personnel dealt one hand of 10-Card Stud Poker, a game that has not been authorized by the Board. This resulted in violations of the Act, the Board's regulations and SugarHouse's policies, directives and Team Member Playbook. See 4 Pa.C.S. § 13A22; 58 Pa. Code § 637a.9(b); and SugarHouse policies, directives and Team Member Playbook.

**SH-E-0518016-17**

On November 14, 2017, the BCC referred violations of the Act, the Board's regulations and SugarHouse's policies, directives and Team Member Playbook. SugarHouse poker room personnel dealt five hands of Open Face Chinese Poker, a game

that has not been authorized by the Board. A review by the Board's BCC revealed the following information.

On October 26, 2017, at 11:05 p.m. SugarHouse Surveillance Officer Walter Tomlinson (GID #84389) notified the BCC personnel assigned to SugarHouse that he received a request from Poker Supervisor James Moore (GID #52019) at 9:30 p.m. for a review of play on poker table PK 1211. Poker Supervisor Moore was concerned that an unauthorized poker game was dealt on poker table PK 1211 around 8:45 p.m. The surveillance review revealed that five hands of Open Face Chinese Poker were dealt to two patrons with betting occurring on three of the hands.

A review of the SugarHouse surveillance coverage revealed the following information. The illegitimate hands dealt were Open Face Chinese Poker and they occurred on Poker table PK 1211 on October 26, 2017. The coverage shows that at 8:50 p.m. a patron occupied seat 10 on table 1211 and engaged Poker Dealer Nicholas Spence (GID #72526) in conversation. There were four other patrons seated at poker table 1211 at the time. After Dealer Spence cut the cards, he began to deal a hand to the patrons at seats 3 and 10. The patron in seat 3 passed the dealer button to the patron in seat 10. The other three patrons did not play. Dealer Spence dealt five cards face down to the patrons in seats 3 and 10. Both patrons turned over their five cards and Dealer Spence proceeded to deal them eight more faceup cards each so that both patrons had 13 cards faceup to complete a hand of Open Face Chinese Poker. The patrons in seats 3 and 10 did not bet during this first hand.

At 8:52 p.m., the patron in seat 10 passed the dealer button to the patron in seat 3. Dealer Spence removed a new deck of cards from the shuffler and proceeded to deal a

second hand of Open Face Chinese Poker. The second hand of Open Face Chinese Poker concluded at 8:55 p.m. with the patron in seat 3 losing the hand and paying the patron in seat 10 two black chips (\$200). Dealer Spence moved the dealer button from seat 3 to the patron in seat 10 and the patron in seat 3 moved to seat 6. Dealer Spence dealt a third hand of Open Face Chinese Poker. The third hand of Open Face Chinese Poker concluded at 8:58 p.m. with the patron in seat 6 losing the hand and paying the patron in seat 10 three black chips (\$300). By the conclusion of the third hand, the other patrons who had been seated at poker table 1211 had left, leaving the patrons in seats 6 and 10 the only patrons on the game. At 8:58 p.m. the patron in seat 10 handed the dealer button to the patron in seat 6 and Dealer Spence proceeded to deal a fourth hand of Open Face Chinese Poker. At the conclusion of the fourth hand of Open Face Chinese Poker the patron in seat 6 lost the hand and paid the patron in seat 10 an undetermined number of black chips valued at \$100 each.

At 9:01 p.m. Dealer Spence moved the dealer button from seat 6 to the patron in seat 10 but before he could deal a fifth hand of Open Face Chinese Poker, Dealer Spence was relieved of duty on poker table 1211 by Dealer Nicholas Rescigno (GID #84559). Dealer Rescigno dealt five cards facedown to the patrons in seats 6 and 10. After the patrons in seats 6 and 10 turned their five cards faceup, the patron in seat 10 instructed Dealer Rescigno he needed to deal them eight more cards faceup. At 9:04 p.m., before this fifth hand of Open Face Chinese Poker was completed, Poker Supervisor Moore stopped the game after he had been advised by Dealer Spence of what game (an unauthorized game) was being played on poker table 1211.

SugarHouse took disciplinary action against the employees involved in this incident. Dealers Spence and Rescigno were each issued a Performance Improvement Notice-Written Warning Level 2.

SugarHouse personnel dealt five hands of Open Face Chinese Poker, a game that has not been authorized by the Board. This resulted in violations of the Act, the Board's regulations and SugarHouse's policies, directives and Team Member Playbook. See 4 Pa.C.S. § 13A22; 58 Pa. Code § 637a.9(b); and SugarHouse's policies, directives and Team Member Playbook.

#### **TERMS OF AGREEMENT**

In consideration of the foregoing stipulated facts, and in full and final settlement of any and all claims, or causes of action which could or might be brought under the Act or the regulations promulgated thereunder, whether against SugarHouse and/or any of its owners, employees or agents, arising out of the matters identified in the above stipulated facts, the Parties do hereby further stipulate and agree that:

1. This Consent Agreement shall become final and effective only upon its approval by the Board;
2. SugarHouse shall pay a civil penalty in the amount of thirty thousand dollars (\$30,000.00) to the Board;
3. Within five days of the Board's Order approving this Consent Agreement, SugarHouse shall pay the Board two thousand five hundred dollars (\$2,500.00) for the costs incurred by OEC, the BCC and other related staff in connection with this matter;
4. SugarHouse shall reinforce its policies and provide additional training and guidance to its employees, including Poker dealers signing an acknowledgement that they



can only deal Poker games that are approved by the Board and listed on the plaque for the Poker table they are assigned, which will minimize the chance for similar incidents to occur in the future;

5. If approved, the Board may make information public with respect to the terms and conditions of this Consent Agreement;

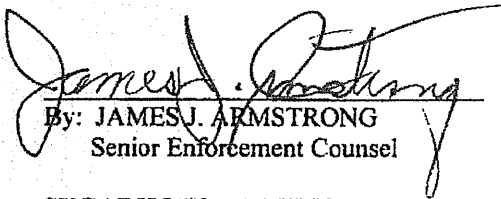
6. This Consent Agreement may be set aside by the Board if any term herein is violated by SugarHouse;

7. SugarHouse, through their authorized representative whose signature appears below, has read and fully understands the terms of this Consent Agreement; and

8. This Consent Agreement shall not preclude the Board or OEC from reviewing and considering any facts in any future proceeding relating to any applications for licensure or qualifications of the licensee. SugarHouse expressly acknowledges and agrees that the Board reserves the right to take any actions that the Board, in its sole discretion, believes is necessary to protect the integrity of gaming in Pennsylvania, including the right to suspend or revoke any license, approval or permit without limitation if any further violations occur or are subsequently discovered, all in accordance with the Act and the regulations promulgated thereunder.

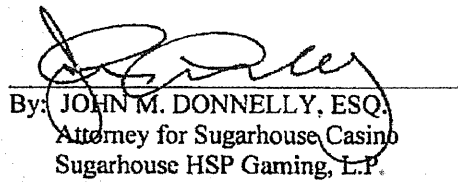
The undersigned consent to the form and entry of the above.

**OFFICE OF ENFORCEMENT COUNSEL**

  
By: JAMES J. ARMSTRONG  
Senior Enforcement Counsel

1/31/19  
DATED

**SUGARHOUSE CASINO  
SUGARHOUSE HSP GAMING, L.P.**

  
By: JOHN M. DONNELLY, ESQ.  
Attorney for Sugarhouse Casino  
Sugarhouse HSP Gaming, L.P.

January 29, 2019  
DATED